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Great Britain Tariff
Commission

The import and export
trade... United Kingdom...

[London]

[1907]

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THE TARIFF COMMISSION.

The Import and Export Trade of the United Kingdom in 1905 and 1906.

The following Memorandum analyses the returns as to the overseas trade of the United Kingdom for the years 1905 and 1906. The points illustrated in the Memorandum may be briefly summarised as follows:—

(1) The import and export trade of the United Kingdom in 1906 as set out in the Board of Trade returns amounted to £1,069,000,000 exclusive of bullion and specie. **Summary.**

(2) This increase in the import and export trade of 10 per cent. in 1906 over 1905 compares with the following estimated percentage increases in the case of other countries, viz., Germany, 12½; United States, 11; France, 7.

(3) The rise in import prices in 1906 in the United Kingdom is estimated at 5·3 per cent., and in export prices 5·4 per cent. There are no available estimates of the changes in prices in other countries.

(4) Allowing for changes in prices, the increase of imports into the United Kingdom in 1906 over 1905, which according to the Board of Trade figures was 7·4 per cent. in values, corresponds with an increase of 2·3 per cent. in quantities; the increase of 13·6 per cent. in the values of exports corresponds with 8·1 per cent. in quantities; and the increase of 10 per cent. in total trade becomes less than 5 per cent. in quantities.

(5) That is to say of the increase of 35 millions sterling in the value of imports for home consumption, 23½ millions was due to increased prices and 11½ to increased quantities. Similarly of the increase of 45½ millions sterling in the value of exports, 17½ millions is accounted for by increased prices and 28 millions by increased quantities.

(6) Other influences affecting the significance of the 1906 totals are (a) condition of the home trade; (b) state of trade in foreign countries; (c) change in British investments; and (d) exceptional circumstances such as those mentioned in the final paragraphs of this Memorandum.

In the following table the principal figures of British overseas trade in the years 1905 and 1906 are shown in summary form:— **Imports and Exports.**

TABLE 1.—IMPORTS AND EXPORTS, 1905–06.

	1905. million £.	1906. million £.
MERCHANDISE—		
Imports	565·0	608·0
Re-exports	77·8	85·2
Net imports	487·2	522·8
Exports	329·8	375·7
Excess Imports of Merchandise	157·4	147·1
BULLION AND SPECIE—		
Imports	51·6	63·3
Exports	45·4	61·5
Excess of Imports of Bullion and Specie ..	6·2	1·8
Total Excess of Imports	163·6	148·9

The value of the imports for consumption fell just short of £523,000,000, an increase of £36,000,000, or 7·4 per cent. on 1905. The value of the exports rose even more rapidly, reaching last year the total of £376,000,000, an increase of £46,000,000, or 13·9 per cent. on 1905. The excess of imports of merchandise amounted to £147,000,000, being a decline of more than £10,000,000

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on the excess of 1905. There was also a considerable movement of bullion and specie, due mainly to extraordinary requirements in the United States, Argentina and Egypt, and after allowing for both imports and exports of bullion and specie, the final excess of imports, as shown by the Board of Trade returns, shows a decline of £15,000,000 during 1906.

For purposes of comparison the following table is given to illustrate the corresponding increases in the trade of foreign countries :—

TABLE 2.—IMPORTS AND EXPORTS OF U.K., GERMANY, FRANCE, AND U.S.A., 1905-06.*

	Imports for Home Consumption.			Exports.			Total Trade.		
	1905. million £.	1906. million £.	Inc. per cent.	1905. million £.	1906. million £.	Inc. per cent.	1905. million £.	1906. million £.	Inc. per cent.
U.K. ..	487	523	7.4	330	376	13.6	817	899	10.0
Germany ..	336½	386	14.9	279	306	9.7	615	692	12.5
France ..	187	204	9.1	190	200	5.3	377	404	7.2
U.S.A. ..	237	262	10.0	329	369	12.2	566	631	11.1

The Rise in Prices.

The year 1906 was marked by a continuance of the upward movement in prices. The figures published by Mr. Sauerbeck have in each month shown a rise of several points in average wholesale prices as compared with the corresponding months of 1905. Taking the 45 principal articles included in Mr. Sauerbeck's calculations the rise for the whole year was 6.8 per cent. In order to obtain a correct view of the course of trade in 1906 it is necessary to take into account this considerable inflation of values and to ascertain how much, if any, of the increases shown in the returns is due to increased quantities and how much to increased prices.

The method adopted to carry out this comparison is fully described in the Appendix. The result of the calculation based on the examination of 90 per cent. of the imports shows an average rise of 5.3 per cent. in price in 1906 as compared with 1905. Exports, of which 87 per cent. were examined, show an average rise of 5.3 per cent.; while re-exports (*i.e.*, exports of foreign and Colonial produce) show an average rise of 7.1 per cent. The following table shows the effect of these changes in prices upon the figures of Table 1 :—

TABLE 3.—IMPORTS AND EXPORTS (MERCHANDISE ONLY), 1905-06, DECLARED VALUES IN 1905 BEING CORRECTED ON BASIS OF 1906 PRICES.

						1905. million £.	1906. million £.	Increase in quantity. per cent.
Imports	..	..	..	..	..	595.1	608.0	2.2
Re-exports	..	..	..	..	..	83.3	85.2	2.3
Net Imports	..	..	..	..	..	511.8	522.8	2.2
Exports	..	..	..	..	..	347.4	375.7	8.1

The declared values of imports in 1905 was £565,000,000 but on account of a rise of 5 per cent. in average prices during 1906 the imports of 1905 would have been worth £595,100,000 if they had been imported at the average prices of 1906. The difference between the corrected values for 1905 and the declared value for 1906 is a measure of the increase in quantity of imports during the latter year; this was 2.2 per cent. Similarly the increase in quantity of re-exports was 2.3 per cent. and the net imports (for consumption) show an increase of 2.2 per cent. The increase in the quantity of exports was 8.1 per cent. on the same basis of estimation.

In the following table the figures relating to the gross imports in 1905 and 1906 are compared under the heads: (1) Food, drink and tobacco; (2) Raw materials; (3) Manufactures; (4) Miscellaneous.

* The figures for Germany, France and United States are estimates of the *Statist* (January 12th, 1907), and are based on eleven months' trade for the United States and France, and on nine months' trade for Germany.

Increases in Foreign Countries.

Imports and Exports of 1905-06 at Prices of 1906.

Imports of 1905-06 at Prices of 1906.

TABLE 4.—IMPORTS, 1905-06.

	Declared value in 1905.	Inc. in price in 1906.	1905 imports at 1906 prices.	Declared value in 1906.	Increase in quantity.
	million £.	per cent.	million £.	million £.	per cent.
1. Food, Drink, and Tobacco ..	231.29	0.1	232.52	238.22	2.6
2. Raw Materials	188.09	10.9	208.56	211.52	1.4
3. Manufactures, &c.	143.39	5.6	151.44	155.83	2.9
4. Miscellaneous	2.22	16.2	2.58	2.44	- 7.6
	564.99	5.3	595.10	608.01	2.2

Foodstuffs, including drink and tobacco, show practically no change in prices; raw materials show an increase in price of 11 per cent.; manufactures an increase of 5.6 per cent.; and miscellaneous goods an increase of 16.2 per cent. Allowing for these changes in average prices for each group the estimated increase in quantity of food, drink and tobacco was 2.6 per cent.; of raw materials 1.4 per cent.; and of manufactures 2.9 per cent. Miscellaneous goods show a decline in quantity of 7.6 per cent., and over the whole of imports there was an increase of 2.2 per cent.

In the next table similar estimates are given for re-exports:—

TABLE 5.—RE-EXPORTS, 1905-06.

	Declared value in 1905.	Inc. in price in 1906.	1905 re-exports at 1906 prices.	Declared value in 1906.	Increase in quantity.
	million £.	per cent.	million £.	million £.	per cent.
1. Food, Drink, and Tobacco ..	12.03	-1.4	11.86	12.05	1.6
2. Raw Materials	43.84	9.3	47.90	47.41	1.0
3. Manufactures, &c.	21.78	7.3	23.36	25.51	9.2
4. Miscellaneous	0.13	16.2	0.15	0.20	33.3
	77.78	7.1	83.27	85.17	2.3

Re-exports of
1905-06 at
Prices of 1906.

Here the only notable feature is the increase in the exports of manufactures which amounted to more than 9 per cent. in quantity during the year. For the whole of the re-exports trade the estimated increase in quantity is 2.3 per cent.

In the following table are shown the net imports (*i.e.* imports for home consumption) during the past two years:—

TABLE 6.—NET IMPORTS, 1905-06.

	Declared value of net imports in 1905.	Inc. in price in 1906.	Estimated value at 1906 prices of 1905 net imports.	1906 net imports declared value.	Change in quantity.
	million £.	per cent.	million £.	million £.	per cent.
1. Food, Drink, and Tobacco ..	219.26	0.6	220.66	226.17	+2.5
2. Raw Materials	144.25	11.4	160.66	164.11	+2.1
3. Manufactured Articles	121.61	5.3	128.08	130.32	+1.7
4. Miscellaneous	2.09	15.8	2.42	2.24	-7.4
	487.21	5.1	511.82	522.84	+2.2

Net Imports of
1905-06 at
Prices of 1906.

The figures in the above table are obtained by subtracting the figures of Table 5 (Re-exports) from the corresponding figures of Table 4 (Imports). Thus the first figure, £219,260,000, the declared value of net imports in 1905, is equal to the difference between £231,290,000 of imports, and £12,030,000 of re-exports. The effect of this calculation is slightly to increase the estimate for the quantity of raw materials retained for consumption. Instead of the increased quantity being 1.4 per cent. it now rises to 2.2 per cent. The increase of 2.9 per cent. in the quantity of manufactures imported gives place to an increase of 1.7 per cent. in the quantity of such manufactures retained for consumption.

**Net Imports in
Principal Groups.**

An analysis of net imports is given in greater detail in the next table :—

TABLE 7.—NET IMPORTS, 1905-06, IN PRINCIPAL GROUPS.

	Value of Net Imports in 1905.	Estimated at 1906 prices.	Inc. (+) or dec. (—) in prices in 1906.	Net Imports in 1906.	Inc. (+) or dec. (—) in quantity.
I. Food, Drink, and Tobacco—	million £.	million £.	per cent.	million £.	per cent.
A. Grain and Flour	67-66	66-71	— 1-4	66-48	— 0-3
B. Meat, including Animals for Food	48-62	51-15	+ 5-2	51-24	+ 0-2
C. Other Food and Drink—					
Non-Dutiable	59-10	61-46	+ 4-0	64-78	+ 5-4
Dutiable	40-38	37-79	— 6-4	39-16	+ 3-6
D. Tobacco	3-50	3-55	+ 1-4	4-51	+ 27-0
	219-26	220-66	+ 0-6	226-17	+ 2-5
II.* Raw Materials and Articles mainly unmanufactured—					
A. Coal, Coke and Manufactured Fuel	-0426	-0472	+ 10-9	-0471	— 0-3
B. Iron Ore, Scrap Iron and Steel ..	5-48	6-27	+ 14-4	6-74	+ 7-5
C. Other Metallic Ores	7-24	7-68	+ 6-1	8-54	+ 11-2
D. Wood and Timber	22-58	24-21	+ 7-2	26-60	+ 9-9
E. Cotton	45-38	53-23	+ 17-3	49-03	— 7-9
F. Wool	15-41	16-82	+ 9-1	18-96	+ 12-7
G. Other Textile Materials	10-73	12-56	+ 17-1	12-17	— 3-1
H. Oil Seeds, Nuts, Oils, Fats, and Gums	19-00	20-83	+ 9-6	20-89	+ 0-3
I. Hides and Undressed Skins ..	2-97	3-13	+ 5-4	4-18	+ 33-6
J. Materials for Paper Making ..	3-65	3-70	+ 1-4	3-77	+ 1-9
K. Miscellaneous	11-77	12-18	+ 3-5	13-17	+ 8-1
	144-25	160-66	+ 11-4	164-11	+ 2-1
III. Articles Wholly or Mainly Manufac- tured—					
A. Iron and Steel and Manufactures thereof	8-26	9-39	+ 13-7	8-01	— 14-7
B. Other Metals and Manufactures thereof	16-08	20-05	+ 24-7	20-37	+ 1-6
C. Cutlery, Hardware, Implements and Instruments	3-09	3-22	+ 4-2	3-12	— 3-1
D. Electrical Goods and Apparatus (other than Machinery and Tele- graph and Telephone Wire) ..	-94	1-00	+ 6-4	1-07	+ 7-0
E. Machinery	3-41	3-45	+ 1-2	3-61	+ 4-6
F. Ships (new)	-019	-006	— 15-8	-015	— 6-2
G. Manufactures of Wood and Timber (including Furniture)	1-79	1-89	+ 5-6	1-84	— 2-6
H. Yarns and Textile Fabrics—					
(1) Cotton	6-52	6-87	+ 5-4	6-70	— 2-5
(2) Wool	11-38	11-37	— 0-1	10-99	— 3-3
(3) Other Materials	15-46	14-37	— 7-1	16-90	+ 17-6
I. Apparel	3-58	4-82	+ 34-6	3-35	— 30-5
J. Chemicals, Drugs, Dyes and Colours	8-15	8-35	+ 2-5	8-73	+ 4-6
K. Leather and Manufactures thereof (including Boots and Shoes and Gloves)	9-55	9-94	+ 4-1	10-77	+ 8-4
L. Earthenware and Glass	4-02	3-87	— 3-7	4-04	+ 4-4
M. Paper	5-17	5-08	— 1-7	5-61	+ 10-4
N. Miscellaneous	24-20	24-40	+ 0-8	25-18	+ 3-2
	121-61	128-08	+ 5-3	130-32	+ 1-7
IV. Miscellaneous and Unclassified ..	2-09	2-42	+ 15-8	2-24	— 7-4

Decreases in prices are shown to have occurred in grain and flour and in foodstuffs and drink (dutiable); while increases in prices have occurred in meat, tobacco and other food and drink (non-dutiable). Allowing for the changes in prices the only substantial increase in quantity is shown by the group of "other food and drink" dutiable and non-dutiable. There is also a considerable increase in the importations of tobacco. With regard to tobacco however the increase is a fictitious one, for whereas the quantity of tobacco imported increased from 87 million lbs. in 1905 to 119 million lbs. in 1906, the quantity cleared from bond has increased from 89 million lbs. in 1905 to 93 million lbs. in 1906. If clearances had been taken instead of imports the effect would have been to diminish the increase by another million sterling.

In the second group, "raw materials and articles mainly unmanufactured," increased prices are shown in each of the sub-groups except the last, "miscellaneous articles." The quantity of cotton retained for consumption is estimated to have decreased by nearly 8 per cent. Other textile materials, mainly consisting of flax, hemp, jute and silk show on the whole a decline of 3.1 per cent. in quantity. The quantity of iron ore imported shows an increase of 7.5 per cent.; of other metallic ores 11.2 per cent.; of wood and timber 9.9 per cent.; of wool 12.7 per cent.; and of hides and undressed skins 33.6 per cent.

In the third group consisting of "articles wholly or mainly manufactured" decreased prices are chiefly to be noted in textiles other than cotton and wool. The fall shown in this group is due entirely to a decline of from 7 to 9 per cent. in the price of silk imports. A small decline in price of 3.7 per cent. is also shown in the case of earthenware and glass, due to a fall in the price of porcelain and earthenware of 6.8 per cent.; of window and German sheet glass of 4.6 per cent.; and of flint, cut or ornamented glass of 6.3 per cent. This decline was partly counterbalanced by increases in plate glass of 5.9 per cent. and bottles 2.3 per cent. Making allowances as before for the changes in prices, the quantities, imported and retained for consumption, are estimated to have increased in the following groups: textiles other than cotton and wool 17.6 per cent.; paper 10.4 per cent.; leather manufactures 8.4 per cent.; electrical goods 7.0 per cent. On the other hand substantial declines in the quantities retained are shown in iron and steel manufactures, 14.7 per cent.; and in apparel and clothing, 30.5 per cent.

In the following table the totals relating to exports are given in summary form:—

TABLE 8.—EXPORTS, 1905-06.

Exports of 1905-06
at Prices of 1906.

	Declared value in 1905.	Inc. in price in 1906.	1905 Exports at 1906 prices.	Declared value in 1906.	Increase in quantity exported.
1. Food, Drink, and Tobacco	million £.	per cent.	million £.	million £.	per cent.
2. Raw Materials	19.39	5.0	20.35	21.13	3.8
3. Manufactures	36.31	5.2	38.19	43.26	13.3
4. Miscellaneous	269.07	5.4	283.54	305.61	7.9
	5.03	8.6	5.46	5.66	3.7
	329.80	5.4	347.54	375.66	8.1

It will be seen that there appears to have been a rise in prices amounting to about 5.4 per cent. on all exports, this rise being more or less evenly distributed between foodstuffs, raw materials and manufactures. The declared value of the exports in 1905 amounted to £329,800,000. At 1906 prices this is estimated to have been worth £347,540,000. The declared value of the exports in 1906 was £375,700,000. Thus as compared with 1905 there was an increase worth £28,100,000 due to increases in quantities, and £17,700,000 due to increases in values. The increase in quantity is equal to 8.1 per cent., and this corresponds very closely with the increase in quantity of manufactures exported (7.9 per cent.). The largest proportionate increase is shown in the group of raw materials exported (13.3 per cent.).

Exports in
Principal Groups.

These figures are analysed in greater detail in the table which follows:—

TABLE 9.—EXPORTS, 1905-06, IN PRINCIPAL GROUPS.

	Value of exports in 1905.	Inc. (+) or dec. (—) in price in 1906.	Value of 1905 exports at 1906 prices.	Exports in 1906.	Increase in quantity.
I. Food, Drink and Tobacco—	million £.	per cent.	million £.	million £.	per cent.
A. Grain and Flour	2.77	+ 1.5	2.81	2.58	— 8.2
B. Meat, including Animals for Food ..	.92	+10.8	1.02	1.34	+31.4
C. Other Food and Drink	14.72	+ 5.8	15.57	16.15	+ 3.7
D. Tobacco .. .. .	.98	— 3.0	.95	1.06	+11.6
	19.39	+ 5.0	20.35	21.13	+ 3.8
II. Raw Materials and Articles mainly unmanu- factured—					
A. Coal, Coke, and Manufactured Fuel ..	26.06	+ 3.8	27.05	31.50	+16.5
B. Iron Ore, Scrap Iron and Steel ..	.47	+ 6.7	.50	.60	+20.0
C. Other Metallic Ores .. .. .	.11	+36.8	.15	.18	+20.0
D. Wood and Timber .. .. .	.077	+ 5.2	.08	.092	+13.6
E. Cotton	—	—	—	—	—
F. Wool	2.51	+ 5.7	2.65	2.90	+ 9.4
G. Other Textile Materials .. .. .	.155	+ 5.0	.163	.164	+ .6
H. Oil Seeds, Nuts, Oils, Fats, and Gums	2.59	+13.1	2.93	2.83	— 3.4
I. Hides and Undressed Skins	1.85	+ 9.6	2.03	2.21	+ 8.9
J. Materials for Paper Making .. ..	.54	+13.6	.61	.71	16.4
K. Miscellaneous	1.94	+ 4.5	2.03	2.08	2.5
	36.31	+ 5.2	38.19	43.26	+13.3
III. Articles Wholly or Mainly Manufactured—					
A. Iron and Steel, and Manufactures thereof	31.83	+ 6.3	33.83	39.88	+17.9
B. Other Metals and Manufactures thereof..	8.92	+20.5	10.75	10.13	— 5.8
C. Cutlery, Hardware, Implements, and Instruments	5.12	+ 4.7	5.36	5.88	+ 9.7
D. Electrical Goods and Apparatus (other than Machinery, and Telegraph or Telephone Wire)	2.43	+ 5.4	2.56	2.38	— 7.0
E. Machinery	23.26	— 0.6	23.12	26.73	+15.6
F. Ships (new)	5.43	+ 8.3	5.88	8.69	+47.8
G. Manufactures of Wood and Timber (including Furniture)	1.21	+ 5.4	1.28	1.31	+ 2.3
H. Yarns and Textile Fabrics:					
(1) Cotton	92.01	+ 6.2	97.71	99.60	+ 2.1
(2) Wool	29.15	+ 5.6	30.78	31.84	+ 3.4
(3) Other Materials	13.20	+ 8.8	14.36	14.98	+ 4.3
I. Apparel	6.02	+10.2	6.63	6.82	+ 2.9
J. Chemicals, Drugs, Dyes, and Colours ..	14.54	+ 1.7	14.79	15.53	+ 5.0
K. Leather and Manufactures thereof (including Boots and Shoes and Gloves)	5.66	+ 6.5	6.03	6.39	+ 6.0
L. Earthenware and Glass	3.21	— 1.6	3.16	3.66	+15.8
M. Paper	1.94	— 0.3	1.93	2.06	+ 6.7
N. Miscellaneous	25.14	+ 0.9	25.37	29.73	+17.2
	269.07	+5.4	283.54	305.61	+ 7.9
IV. Miscellaneous and Unclassified	5.03	+ 8.6	5.46	5.66	+ 3.7

In "articles wholly or mainly manufactured" the increase is found to arise chiefly in the iron and steel and allied trades. Thus, in iron and steel and manufactures thereof, there was an increase of 17.9 per cent.; in cutlery 9.7 per cent.; in machinery 15.6 per cent.; in ships 47.8 per cent. In these four groups the declared exports amounted to £81,300,000 in 1906 as compared with £65,600,000 in 1905. There was on the whole a comparatively small rise in price, raising the value of this £65,600,000 worth in 1905 to £68,200,000 at 1906 prices. The quantity of cotton goods exported shows an increase of 2.1 per cent.; of woollen goods 3.4 per cent.; and of textiles not cotton or wool 4.3 per cent. Earthenware and glass show an increase of 15.8 per cent.; chemicals 5 per cent.; leather goods 6 per cent.; paper 6.7 per cent. Electrical goods show a decline of 7 per cent., and manufactures of metals other than iron and steel 5.8 per cent. In the group of raw materials the increase is mainly due to the increased exports of coal, 16.5 per cent. All the remaining items in this group show an increase of 6.3 per cent. in quantity.

The significance of the figures in the foregoing nine tables cannot be accurately appreciated without full and reliable information upon the volume and movement of the home trade during the period covered. No satisfactory estimate of the ratio of the home and the export trades of the United Kingdom has ever been made, nor are the statistical data available at present for such a calculation. Even with the accounts of manufacturing firms to work upon, it is extraordinarily difficult to draw a proper distinction between those two branches. They constantly react upon each other; commodities sold at home are frequently exported; the different relations which exist between merchants and manufacturers in different industries frequently make it impossible for the manufacturer to state with confidence what becomes of the manufactures he produces. The result is that however wide the basis of investigation any estimates can be only roughly approximate. Some years ago it was officially estimated that about 20 per cent. of the total wages earned in the United Kingdom was in respect of the export trade. If this proportion be assumed to hold approximately for the home and the export trade generally it is clear that a small alteration in that proportion will greatly affect the export trade returns.

**Relation between
the Home and the
Export Trades.**

If for example the amount of labour employed in the export trade be supposed to increase by 5 per cent. the export trade will show an increase of 25 per cent.—greater than is than the improvement revealed in the Board of Trade returns. Or suppose the working population to increase in the same proportion as the population in general. On this assumption the working population would have increased during the past three years by about 3½ per cent., and if the whole of this increased population were employed in the export trade we might have an increase of 15 to 20 per cent. in the quantity of our exports without any alteration in the work for the home trade. If the actual expansion in the export trade be larger than this, it might be due to the decline in the home demand and a movement of labour from home to export trade.

**Importance of
Small Variations.**

Such variations in the proportions of the home and the export trades may be due to a variety of causes. There may be an actual growth of the export trade caused by an expansion in old markets, or by obtaining new ones. On the other hand an expansion of the export trade may be caused by a decline in the home market, the stagnation of which might force manufacturers to dispose of their products at any price rather than keep them on their hands. The last three years have shown both these tendencies at different times. At the commencement of the "boom," evidence laid by manufacturers before the Tariff Commission showed that a portion of the increase in the export returns was to be attributed to the slackness of the home demand in their trades.

**Causes of
Variations.**

The ratio of the home to the export trade differs for different trades, and may vary for the same trade over a period of years. More than 80 per cent. of the output of the cotton industry is exported. In the other textile industries, although the proportion cannot be calculated, the ratio is known to be absolutely different from that of the cotton industry, while in many of the less important branches of the iron and steel trade a considerable number of manufacturers make a return to the effect that they manufacture exclusively for the home market. High as has always been the percentage of the output of the cotton industry which is exported that percentage has varied considerably in the last ten years. Similarly the ratio between the home and the export trade in the iron and steel industry has shown considerable variations. But whatever may be the actual proportions between the total export trade and the total home trade of the United Kingdom there is no doubt that the position of the United Kingdom differs from that of other great industrial nations, such as Germany and the United States. In the case of both these countries the home trade is relatively much more important than it is in the case of the United Kingdom.

**Ratio different in
different Trades.**

**Imports and
Exports in relation
to the balance of
trade.**

In estimating the Board of Trade returns it has further to be remembered that they represent one only of the factors to be taken account of in dealing with the balance of trade and the general international indebtedness of the United Kingdom. In a complete account of the balance of trade allowance has to be made for the movement of (1) merchandise, (2) bullion, (3) shipping freights, (4) foreign debt and investments, (5) income from foreign investments, (6) investments in the United Kingdom of persons residing abroad, (7) incomes drawn from these investments, (8) spendings in the United Kingdom of persons deriving their incomes from abroad, (9) spendings abroad of persons drawing their incomes from the United Kingdom, (10) commissions earned by British bankers in negotiating foreign bills, and other factors. Most of these movements may and do take the form of the transmission of commodities and without full information it is impossible to say what proportion of the goods entering into the import and export returns represents the liquidation of loans and interest on investments. The excess of imports was for many years continuously increasing. In 1895 the excess of imports of merchandise and bullion was £151,400,000. This rose steadily up to 1903, when the corresponding excess (exclusive of ships which were not returned before 1899) was £186,700,000. Since 1903 there has been a decline in each year, and in 1906 the corresponding figure was £154,100,000.

Excess of Imports.

In addition to the above-mentioned more or less constant factors there arise from time to time exceptional influences which materially affect the trade returns. Among the most recent of these may be mentioned the earthquakes in California and Chili which have given rise to abnormal activity in many branches of trade such as iron and steel, cement, &c.

APPENDIX.

**NOTE ON METHOD EMPLOYED IN STATISTICAL CALCULATIONS IN FOREGOING
MEMORANDUM.**

Exports and Imports.—Every important item (*i.e.*, amounting to more than £100,000 in value) given in the returns in terms of both quantity and value for the years 1905 and 1906 was taken out. The value was divided by the corresponding quantity in each year to give the average price; and a comparison of the average prices gave the rise or fall per cent. These price-changes were then grouped as in the Board of Trade returns under the heads of "Iron and Steel and Manufactures thereof," "Other Metals and Manufactures thereof," "Cutlery, Hardware, Implements and Instruments," and so on. To each item a weight was attached equal to the number of millions sterling of trade in the two years. Thus in the case of Imports of Wool, there was in "sheep or lambs' wool" a rise of price of 9·7 per cent. in the two years; to this rise the weight of 51 was attached because the value of the imports in the two years 1905-1906 was nearly 51 millions sterling. Similarly, "mohair" showed a fall of 0·6 per cent. in average price and as the total value of the mohair imports amounted to a little over 3 millions sterling the weight 3 was attached to this fall. By combining these results for each sub-group (*e.g.*, wool), a figure representing the mean (weighted) change in price was obtained. The figures in each sub-group were treated in like manner and the mean (weighted) price-change in each main group (*e.g.*, raw materials, manufactures, &c.) calculated.

Re-exports.—The price-change in each of the sub-groups of re-exports was assumed to have been the same as for imports. The subsequent treatment of the figures was the same as before.

THE TARIFF COMMISSION,

7, VICTORIA STREET, LONDON, S.W.

January 19th, 1907.

**END OF
TITLE**